To

All Prospective Bidders

Sub: Pre-bid meeting and clarifications related to Grant of authorization for laying, building, operating or expanding petroleum and petroleum products (LPG) pipeline from Hassan (Karnataka) to Cherlapalli (Telangana). Bid No.: BID/PPL/04/2018/1/HCPL

Sir,

Pursuant to the queries raised during pre-bid meeting of Hassan-Cherlapalli petroleum and petroleum products (LPG) pipeline held on 18.09.2018 at PNGRB, following clarifications are being issued:

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<th>S/N</th>
<th>Entity</th>
<th>Query raised</th>
<th>Proposed Clarification</th>
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<tr>
<td>01</td>
<td>HPCL</td>
<td>In Section II, Clause 17.2.2 the estimated throughputs of IOC have been given but there is no mention of any specific tap-off location to be given toroc for this throughput in the Bid document. We request PNGRB to clarify the following w.r.t to IOC's throughputs. (i) PNGRB may please clarify if IOC has given firm commitment for this throughput requirement and is it binding on bidding entity to provide tap-off</td>
<td>IOCL has not given firm commitment and it is not binding on IOCL or the pipeline entity. PNGRB, while processing an EoI, web-hosts all comments received during the Public Consultation process to facilitate possible contracts for capacity booking by different entities with the entities that may be interested in the development of petroleum and petroleum</td>
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and binding on IOC to enter into contract capacity.

(ii) IOCL has given only 60 TMTPA throughput requirement through HCPL, which is small for viability of a standalone TOP facility and TOP facility. Clarification is needed on where IOC's requirement is proposed to be taken.

products pipeline so as to facilitate coming up of an optimum sized petroleum and petroleum products pipeline through the bidding process.

Hence, it is the bidder's responsibility to obtain all information related to the product supply position, existing and future customers and expected volumes along the route of the proposed pipeline.

Accordingly, the bidder should decide the size/tap-off points/delivery points/capacity (over and above the minimum capacity specified in the bid document) etc. based on their mutual agreement with the interested entities, if any.

The bidder may contact GAIL or any other entity directly for RoU sharing with mutual agreement, without involving PNGRB.

| 02 | HPCL | A few stretches (approx.) of the proposed pipeline, HCPL need sharing of ROU with GAIL's Visakh Secunderabad LPG Pipeline before Cherlapalli. PNGRB is requested to direct GAIL for sharing ROU with the entity receiving authorization for HCPL, similar to directions given in Kochi-Coimbatore-Salem-ErODE LPG Pipeline bidding. |

| 03 | HPCL | In Clause 17.4.3, it has been mentioned that "...transporter must have all relevant and adequate pipelines and storage facilities including stabilizing |

Tender conditions shall prevail.
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<td>04</td>
<td>HPCL</td>
<td>PNGRB is requested to include non-availability of ROU due to villagers/land owner unrest/blockage and Non-issuance of Statutory approvals in Force Majeure clauses since the same is a critical factor in Project completion and is a major external factor contributing to Project delays.</td>
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| 05 | HPCL | In Annexure 14 of the Bid document, detailed projections are sought for throughput and revenue for 25 years which yield a pre-tax IRR on total Capital employed. In this regard following clarifications are sought.  

i. Whether line fill and working Capital to be included in Capex under row 5.0 a, which will be part of IRR Calculations under row 7.0 of Annexure 14.  

ii. As per draft PNGRB regulation on Determination of Petroleum Product Pipelines |

Tender conditions shall prevail.  

i. Line fill would not be included in capex as line fill is borne by the shippers.  

ii. Tender conditions shall prevail. |
Tariff, 2009, the post-tax IRR of 14% (as per regulation 6(4) shall be the basis for determination of Tariff after 10-year bid-tariff period. Is it reasonable to presume PNGRB follows this in future and accordingly submit Annexure-14.

The above clarifications shall constitute a part of the Application-Cum-Bid Document and shall be duly signed and submitted along with the bid document by the authorized signatory of the bidder.

Yours faithfully,

[Signature]

(Arvind Kumar)
Additional Adviser